



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

**DATE:** OCTOBER 5, 2000

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF REGULATORY OVERSIGHT (PRUITT) *JDO RMT*  
 DIVISION OF ECONOMIC REGULATION (D.DRAPER) *ALM*  
 DIVISION OF LEGAL SERVICES (BANKS) *FEB BK*

**RE:** DOCKET NO. 000789-TI - APPLICATION FOR CERTIFICATE TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY VERIZON ADVANCED DATA INC., AND REQUEST FOR WAIVER OF BOND REQUIREMENT IN RULE 25-24.490(2), F.A.C.

**AGENDA:** 10/17/00 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\RGO\WP\000789.RCM

### CASE BACKGROUND

On June 29, 2000, this Commission received an application for certification to provide interexchange telecommunications service (IXC) and a request for a waiver of the bond requirement in Rule 25-24.490(2), Florida Administrative Code, from Verizon Advanced Data Inc. (formerly known as Bell Atlantic Network Data, Inc.).

Section 364.337(3), Florida Statutes, requires that an applicant have sufficient technical, financial, and managerial capability to provide IXC service before granting certification. Rule 25-24.490(2), Florida Administrative Code, requires that a company maintain on file with the Commission a bond covering its current balance of deposits and advanced payments from its customers. In the alternative, the Commission may waive the bond requirement if the company demonstrates that it possesses the

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financial resources and income to provide assurance of continued operation under its certificate over the long run.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should The Commission grant authority to provide interexchange telecommunications service in Florida to Verizon Advanced Data Inc. (Verizon)?

**RECOMMENDATION:** Yes. Verizon should be granted Florida Public Service Commission **Certificate No. 7589** to operate as an interexchange telecommunications service provider in Florida. (Pruitt)

**STAFF ANALYSIS:** It appears that Verizon has sufficient technical, financial, and managerial capability to provide such service, as required under Section 364.337(3), Florida Statutes.

**ISSUE 2:** Should Verizon be relieved of the bond requirement of Rule 25-24.490(2), Florida Administrative Code, as provided for in the rule?

**RECOMMENDATION:** Yes. (Pruitt, D.Draper)

**STAFF ANALYSIS:** Rule 25-24.490(2), Florida Administrative Code, provides two alternatives for the protection of the IXC's consumers. The first alternative is a bond, and the second alternative, to be approved by the Commission, is a showing of fiscal responsibility. Verizon is requesting in this Petition that the Commission approve the second of the alternatives for them.

Rule 25-24.490(2), Florida Administrative Code, states as follows:

An interexchange company may require a deposit as a condition of service and may collect advanced payments

for more than one month of service if it maintains on file with the Commission a bond covering its current balance of deposits and advanced payments (for more than one month's service). A company may apply to the Commission for a waiver of the bond requirement by demonstrating that it possesses the financial resources and income to provide assurance of continued operation under its certificate over the long term.

Staff has analyzed the audited financial statements of Bell Atlantic Corporation (Bell Atlantic), parent company of Verizon, for the three year period that ended December 31, 1999. Although Bell Atlantic has minimal liquidity, the company has had sufficient common equity, positive net income and strong interest coverage for the three year period. Bell Atlantic has provided a line of credit to Verizon and will guarantee customer deposits for as long as necessary.

For purposes of granting a waiver based on the financial information provided, the applicant appears to meet the financial capability standard of Rule 25-24.490(2), Florida Administrative Code. Accordingly, staff recommends that the bond requirement be waived for Verizon.

**ISSUE 3:** Should this docket be closed?

**RECOMMENDATION:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Banks)

**STAFF ANALYSIS:** At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a consummating order.